

Statement of the Honorable Max Baucus - Chairman, Committee on Finance
Hearing on U.S.-Vietnam Trade Agreement
June 26, 2001

Today, the Committee hears testimony on the U.S.-Vietnam Trade Agreement. Completed last July, this Agreement is a landmark for several reasons.

First, it represents an important step forward in normalizing relations between the United States and Vietnam. Over the past decade, the deep wounds in both countries have begun to heal. Vietnam has cooperated in efforts to fully account for missing American personnel and to facilitate the orderly departure of Vietnamese emigrés. For its part, the United States has lifted the economic embargo and restored diplomatic relations. Conclusion of a commercial agreement represents the logical next step in this warming process.

Second the U.S.-Vietnam Agreement is remarkably comprehensive. It is a far cry from the 12-page agreement entered into by the United States and China when they normalized commercial relations in 1979. In addition to the basic elements mandated by the Trade Act, the Agreement requires Vietnam -- among other things -- to: lower tariffs on over 250 categories of goods; phase in import, export and distribution rights for U.S.-owned companies; adhere to intellectual property rights standards which, in some cases, exceed WTO standards; and liberalize opportunities for U.S. companies to operate in key service sectors, including banking, insurance, and telecommunications.

The thoroughness of this Agreement should provide an excellent roadmap to guide commercial relations between our two countries for the foreseeable future. And, it should pave the way for an eventual WTO-based relationship.

I hope that the Congress will approve the U.S.-Vietnam Agreement expeditiously. When we do so, we should recognize that our work is not an ending; it is just a beginning. We must work closely with Vietnam to bring about its compliance with the Agreement. We also must work closely with Vietnam to improve labor standards, as we committed to do in a Memorandum of Understanding signed last November.

As many in the Congress have observed, there are inherent links between trade and labor and environmental standards. Indeed, a recent letter from the Minority Leader and others to Ambassador Zoellick on the subject of catfish farming expresses concern at the competitive edge that Vietnam gets from "cheap labor and very loose environmental regulations." Recognizing these links, the opening of our markets ought to go hand-in-hand with active pursuit of stronger labor and environmental standards. This is true of all trade agreements the U.S. enters into, not just the U.S.-Vietnam Agreement.

I would like to welcome today's witnesses to the Committee, and I look forward to hearing their testimony.